

TMBTHANACHART BANK

THAILAND / BANKING

TTB TB

HOLD

FROM BUY

TARGET PRICE	THB1.79
CLOSE	THB1.58
UP/DOWNSIDE	+13.3%
PRIOR TP	THB1.83
CHANGE IN TP	-2.2%
TP vs CONSENSUS	-1.8%

Lacking short-term catalysts

- Accelerating expenses could pressure 4Q23 net profit to contract, with no cause for concern for its asset quality.
- Though we expect 2023 net profit to post aggressive growth, the momentum should slow down in 2024-25.
- We downgrade recommendation to HOLD due to limited upside.

Expect 4Q23 profit to shrink from accelerated expenses

We expect a 4Q23 net profit of THB4.37b, down 7.8% q-q but up 13.5% y-y. The decrease from 3Q23 is due to accelerated operating expenses during the seasonal period, resulting in a rising cost-to-income ratio estimated at 46.3% from 43.2% in 3Q23. Net interest income should increase supported by a NIM expansion by 9bp in this period – benefitting from rising interest rates for all types of loans by 0.25% in early October 2023. However, we predict that loan growth will contract by 2.0% q-q and 3.0% y-y, mainly due to decreased corporate loans, while retail loans should rise, mostly from high-yield loan growth (cash your car, cash your book, and unsecured loans) in tandem with TTB's strategy. We expect non-interest income to grow by 3.1% q-q (but still decrease 14.4% y-y) due mainly to a recovery from investment gains based on a lower bond yield. Moreover, fee income should be relatively stable during the season, pressured by capital market-related and mutual fund fees. Hence, we expect TTB's 2023 net profit to beat our previous estimate by c9%.

Asset quality has no cause for concern

Overall asset quality is still within TTB's 2023 guidance, with the expected NPL ratio at the end of 2023 to be relatively stable from 3Q23 at 2.97%, slightly higher than the bank's guidance of not exceeding 2.90%. We expect 4Q23 credit cost to be at 131bp, up 3bp q-q, and expect 2023 credit cost to be at 135bp, still in line with TTB's guidance of 125-135bp, resulting in an expected coverage ratio at the end of 2023 of 144%, relatively stable from 3Q23.

No short-term positive catalysts seen

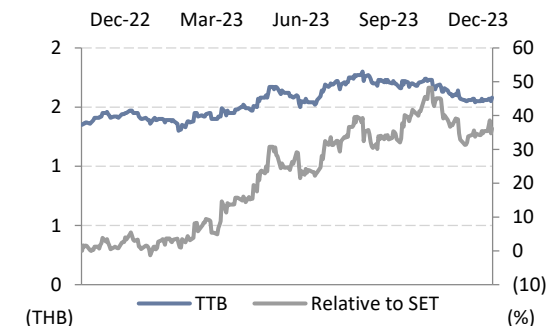
We revise up 2023E net profit by 9.2% to reflect a higher expected NIM which could offset lower expected loan growth. For 2024-25, we slightly revise our net profit forecasts, with no outstanding catalysts seen. Hence, 2023 net profit should grow aggressively by 26.5% y-y (from 15.9% y-y), contracting by 0.8% y-y in 2024, and rising by 5.7% in 2025.

Downgrade recommendation to HOLD

We downgrade our recommendation to HOLD from Buy. The 2024 target price is THB1.79 from THB1.83 at a P/BV of 0.77x based on a GGM valuation (LT-ROE 7.7% and COE 10.2% from 9.70% due to an increase in risk-free rate to 3.0% from 2.5%). The current share price is still trading close to its 5-year P/BV average (2018-23) at 0.7x.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	17,547	22,223	22,003	23,261
Net profit	14,195	17,962	17,822	18,841
EPS (THB)	0.15	0.19	0.18	0.19
vs Consensus (%)	-	3.3	(5.8)	(4.5)
Recurring net profit	14,195	17,962	17,822	18,841
Core EPS (THB)	0.15	0.19	0.18	0.19
Chg. In EPS est. (%)	-	9.2	0.3	(2.5)
EPS growth (%)	35.3	26.5	(0.8)	5.7
Core P/E (x)	10.8	8.5	8.6	8.1
Dividend yield (%)	4.6	5.9	5.8	6.2
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	6.6	8.0	7.6	7.8
ROA (%)	0.8	1.0	1.0	1.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.7)	(7.6)	14.5
Relative to country (%)	(2.0)	2.4	33.4
Mkt cap (USD m)	4,395		
3m avg. daily turnover (USD m)	10.4		
Free float (%)	39		
Major shareholder	Thanachart Capital PCL (24%)		
12m high/low (THB)	1.80/1.29		
Issued shares (m)	96,778		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We downgrade our recommendation to HOLD from Buy. The 2024 target price is THB1.79 from THB1.83 at a P/BV of 0.77x based on a GGM valuation (LT-ROE 7.7% and COE 10.2% from 9.70% due to an increase in risk-free rate to 3.0% from 2.5%). In the short term, the stock price will likely be pressured by concerns about the outlook for auto hire-purchase loans, which is TTB's leading portfolio (30% of total loans), that may slow in 2024. Our 2024 net loan forecast is as low as 2% y-y, while we expect 2024-25 net profit to decrease by 0.8% y-y and increase by 5.7% y-y, respectively. Moreover, the current share price is still trading close to its 5-year P/BV average (2018-23) at 0.7x.

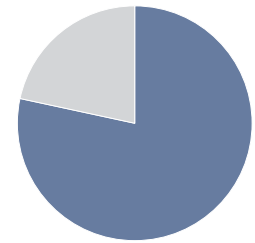
Company profile

TMBThanachart Bank Public Company Limited provides a full range of banking and financial services. The bank offers corporate and personal lending, retail and wholesale banking, international trade financing, and investment banking services to its customers throughout Thailand. It merged with Thanachart Bank at the end of 2019. The entire business transfer (EBT) process was completed in Jul-21.

www.ttbank.com

Principal activities (revenue, 9M23)

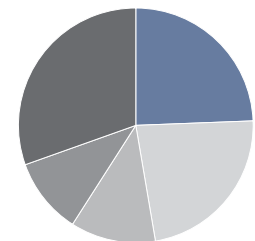
- Net interest income - 78.4 %
- Non-interest income - 21.6 %



Source: TMBThanachart Bank

Major shareholders

- Thanachart Capital PCL - 24.4 %
- ING Bank N.V. - 22.9 %
- Ministry of Finance - 11.7 %
- Vayupak Fund - 10.5 %
- Others - 30.4 %



Source: TMBThanachart Bank

Catalysts

Potential share price catalysts for TTB include:

- Higher NIM from an improved loan portfolio mix;
- Lower credit cost from better-than-expected new NPLs;
- Better operating cost control;
- A higher dividend pay-out ratio than expected.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) a faster-than-expected economic recovery; and 2) improved asset quality leading to lower credit costs.

Event calendar

Date	Event
Jan 2024	2023 results announcement

Key assumptions

	2023E (%)	2024E (%)	2025E (%)
Net profit (THB m)	17,962	17,822	18,841
Net profit growth (%)	26.5%	-0.8%	5.7%
NIM (%)	3.25%	3.34%	3.36%
Loan growth (%)	-3.0%	2.0%	2.0%
Fee growth (%)	-1.5%	3.4%	3.0%
Non-NII growth (%)	-3.0%	3.3%	3.0%
Credit cost (bp)	1.35%	1.35%	1.30%
Cost to income (%)	44.3%	44.6%	44.8%

Source: FSSIA estimates

Earnings sensitivity

		2024E		
Loan growth	±2ppt	0.0	2.0	4.0
% change in net profit		(1.5)	-	1.5
NIM (%)	±5bp	3.29	3.34	3.39
% change in net profit		(3.6)	-	3.6
Credit cost (bp)	±10bp	125	135	145
% change in net profit		6.1	-	(6.1)

Source: FSSIA estimates

Nov 2023 loans continued to contract, led by corporate segment

TTB submitted the C.B.1.1 report for the month of November 2023. Net loans (after allowance for expected credit cost) shrank 0.5% m-m, 3.5% y-y, and 2.9% YTD, led by loans in the large corporate group; short-term working capital loans that saw a continued decline. SME loans were slightly negative (fluctuating narrowly monthly plus/minus), while retail loans increased somewhat, led by high-yield loans that still saw positive growth momentum in accordance with the bank's strategy, including credit card loans, cash your home, cash your car, and cash your book loans. Conversely, new car hire purchase loans (20% of total loans) and used cars (5% of total loans) continued to decrease. Housing loans were relatively stable. Overall net loans in 11M23 were still lower than the bank's 3% y-y growth guidance.

Deposits contracted in line with loans by 0.5% m-m, 2.9% y-y, and 5.0% YTD. The m-m decrease was mainly from a decrease in CASA deposits due to the flow of this group of deposits into fixed deposits (all-free deposits still saw growth) due to interest rate adjustments in this type of deposit during the past period. The trend of interest expenses in 4Q23 still accelerated following the bank's pre-funding strategy, which gradually expired and was renewed with higher costs.

Exhibit 1: TTB – C.B. 1.1 summary as of November 2023

(TTB)	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Growth (m-m %)												
Loan	(0.59)	(0.63)	(0.67)	(0.15)	(1.26)	0.49	1.24	(0.67)	0.26	0.40	(1.47)	(0.48)
Deposit	2.21	(0.29)	0.23	0.34	(0.24)	(1.18)	0.95	(1.43)	(2.82)	(0.52)	0.41	(0.49)
Deposit + Borrowing	2.10	(0.36)	0.33	0.29	(0.23)	(1.12)	0.97	(1.44)	(2.83)	(0.43)	0.37	(0.50)
Growth (y-y %)												
Loan	(0.06)	0.70	0.26	(0.93)	(2.58)	(3.12)	(2.50)	(3.23)	(2.31)	(2.36)	(3.16)	(3.51)
Deposit	4.19	5.35	3.59	2.87	1.67	(1.07)	(0.17)	(1.13)	(3.12)	(3.14)	(2.17)	(2.88)
Deposit + Borrowing	3.40	4.42	2.91	2.15	1.00	(1.61)	(0.74)	(1.79)	(4.01)	(3.98)	(3.18)	(2.91)
Growth (YTD %)												
Loan	(0.06)	(0.63)	(1.29)	(1.44)	(2.69)	(2.21)	(1.00)	(1.66)	(1.40)	(1.01)	(2.46)	(2.93)
Deposit	4.19	(0.29)	(0.07)	0.28	0.03	(1.15)	(0.21)	(1.64)	(4.42)	(4.91)	(4.52)	(4.98)
Deposit + Borrowing	3.40	(0.36)	(0.04)	0.25	0.02	(1.10)	(0.14)	(1.58)	(4.36)	(4.78)	(4.42)	(4.91)
LDR (%)	94.55	94.23	93.39	92.93	91.98	93.54	93.80	94.53	97.53	98.43	96.58	96.59

Sources: TTB; FSSIA's compilation

Expect 4Q23 profit to shrink from accelerated expenses

We expect a 4Q23 net profit of THB4.37b, down 7.8% q-q but up 13.5% y-y. The decrease from 3Q23 is due to accelerated operating expenses during the seasonal period, resulting in a rising cost-to-income ratio estimated at 46.3% from 43.2% in 3Q23. Overall, net interest income should increase by 1.4% q-q and 7.6% y-y, supported by a NIM expansion by 9bp in this period – benefitting from rising interest rates for all types of loans by 0.25% in early October 2023. Although there is an increase in deposit rates with only 24-month fixed deposits, the impact would occur after some time. However, we predict that loan growth will contract by 2.0% q-q and 3.0% y-y, mainly due to decreased corporate loans, while retail loans should rise, mostly from high-yield loan growth (cash your car, cash your book, and unsecured loans) in tandem with TTB's strategy. We expect non-interest income to grow by 3.1% q-q (but still decrease 14.4% y-y) due mainly to a recovery from investment gains based on a lower bond yield. In contrast, fee income should be relatively stable during the season, pressured by capital market-related and mutual fund fees. Hence, we expect a 2023 net profit of THB17.9b, an increase of 26.5% y-y, higher than our previous estimate by approximately 9%.

Exhibit 2: TTB – 4Q23 earnings preview

Year-end Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	---- Change ----		9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y %)	23E	(THB m)	(y-y %)
Net interest income	13,826	13,502	14,093	14,665	14,873	1.4	7.6	42,259	11.8	74	57,132	10.7
Non-interest income	4,014	3,368	3,668	3,335	3,437	3.1	(14.4)	10,370	1.5	75	13,807	(3.0)
Fee income - net	2,750	2,559	2,659	2,505	2,507	0.1	(8.8)	7,724	1.1	75	10,231	(1.5)
Total operating income	17,840	16,870	17,760	18,000	18,310	1.7	2.6	52,630	9.6	74	70,939	7.7
Total operating expenses	8,256	7,303	7,863	7,777	8,479	9.0	2.7	22,944	5.8	73	31,423	4.9
PPOP before tax	9,584	9,567	9,897	10,222	9,831	(3.8)	2.6	29,686	12.8	75	39,516	10.1
Expected credit loss	4,802	4,276	4,244	4,354	4,420	1.5	(8.0)	12,874	(5.0)	74	17,294	(5.8)
Income tax	935	996	1,087	1,133	1,044	(7.9)	11.7	3,217	33.1	75	4,261	27.1
Net profit	3,847	4,295	4,566	4,735	4,367	(7.8)	13.5	13,596	31.4	76	17,962	26.5
EPS (THB)	0.04	0.04	0.05	0.05	0.05	(7.8)	13.5	0.14	31.4	76	0.19	26.5
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(%)			(%)	
Gross NPLs (THB m)	41,707	42,006	40,719	40,279	39,664	(1.1)	(3.9)	40,279			42,090	
Change (% from prior period)	(0.5)	0.7	(3.1)	(1.1)	(1.5)			(4)			0.9	
NPL ratios (%) - reported	2.69	2.63	2.63	2.67				2.67				
NPL ratio (%)	3.03	3.09	2.99	2.96	2.97			2.96			3.15	
Coverage ratio (%) - reported	140	140	144	144				144				
Coverage ratio (%)	138	140	144	144	144			144			135	
Credit cost (bp)	139	125	125	128	131			124			128	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	46.3	43.3	44.3	43.2	46.3			43.6			44.3	
Average yield (%)	3.97	4.15	4.38	4.64	4.80			4.39			4.49	
Cost of funds (%)	0.96	1.29	1.39	1.47	1.57			1.37			1.43	
NIM (%) - reported	3.10	3.08	3.18	3.34				3.21				
NIM (%)	3.13	3.04	3.17	3.36	3.45			3.19			3.25	
Non-interest income/total income (%)	22.5	20.0	20.7	18.5	18.8			19.7			19.5	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Loan to deposit	98.3	96.8	97.7	102.5	99.7			102.5			99.7	
Loan to deposit & borrowing (LDBR)	89.1	87.9	88.6	91.9	89.7			91.9			95.4	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
CAR	20.0	19.9	19.8	19.9	21.7			19.9			21.7	
CET 1/ Risk assets	15.7	15.7	15.6	16.3	17.4			16.3			17.4	
Tier 2 / Risk assets	3.7	3.7	3.6	3.6	3.7			3.6			3.7	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	(1.3)	(1.3)	0.4	(0.1)	(2.0)							
y-y	0.4	(0.6)	(2.1)	(2.2)	(3.0)			(1.3)			(3)	
Year-to-date	0.4	(1.3)	(0.9)	(1.0)	(3.0)			(1)				

Sources: TTB; FSSIA estimates

Asset quality has no cause for concern and is manageable

Overall asset quality is still within TTB's 2023 guidance, with the expected NPL ratio at the end of 2023 to be relatively stable from 3Q23 at 2.97%, slightly higher than the bank's guidance of not exceeding 2.90%. We expect 4Q23 credit cost to be at 131bp, up 3bp q-q, and expect 2023 credit cost to be at 135bp, still in line with TTB's guidance of 125-135bp, resulting in an expected coverage ratio at the end of 2023 of 144%, relatively stable from 3Q23. However, there is concern about bad debts, such as STARK and JKN. TTB confirmed that it has fully set aside reserves since 3Q23, with the debt amount having no significance, while STEC, indirectly released to the supply chain group of STEC, is almost insignificant as well and will not have a significant negative impact on credit costs.

Exhibit 3: Staged loans and ECL 2021-3Q23

	2021	2022	1Q23	2Q23	3Q23	2021	2022	1Q23	2Q23	3Q23
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)	(%)	(%)
Stage loans						% Stage loans				
Stage 1	1,225	1,225	1,208	1,212	1,210	88.76	88.54	88.43	88.31	88.28
Stage 2	113	117	116	120	120	8.16	8.44	8.49	8.72	8.78
Stage 3	42	42	42	41	40	3.08	3.01	3.07	2.97	2.94
Total	1,380	1,384	1,366	1,372	1,371	100.00	100.00	100.00	100.00	100.00
Allowance for ECL						% ECL to staged loans				
Stage 1	12	13	13	13	14	1.01	1.09	1.09	1.09	1.12
Stage 2	22	24	25	26	26	19.60	20.94	21.75	21.63	21.55
Stage 3	20	20	20	20	18	47.08	46.98	48.42	47.91	45.55
Total	54	57	59	59	58	3.95	4.15	4.30	4.27	4.22
LLR/ Loans	(%)	(%)	(%)	(%)	(%)					
Stage 1	1.01	1.09	1.09	1.09	1.12					
Stage 2	19.60	20.94	21.75	21.63	21.55					
Stage 3	47.08	46.98	48.42	47.91	45.55					
Total	3.95	4.15	4.30	4.27	4.22					
	(%)	(%)	(%)	(%)	(%)					
NPL / TL	3.08	3.01	3.07	2.97	2.94					
NPL vs. Stage 2 loans / TL	11.24	11.46	11.57	11.69	11.72					
LLR / NPL	128.19	137.60	139.81	143.81	143.68					
LLR / (NPL vs. Stage 2 loans)	35.14	36.20	37.17	36.52	36.02					

Sources: TTB; FSSIA's compilation

Downgrade to HOLD; no short-term positive catalysts seen

We revise up 2023E net profit by 9.2% to reflect a higher expected NIM which could offset lower expected loan growth. For 2024-25, we slightly revise our net profit forecasts, with no outstanding catalysts seen. Hence, 2023 net profit should grow aggressively by 26.5% y-y (from 15.9% y-y), contracting by 0.8% y-y in 2024, and rising by 5.7% in 2025.

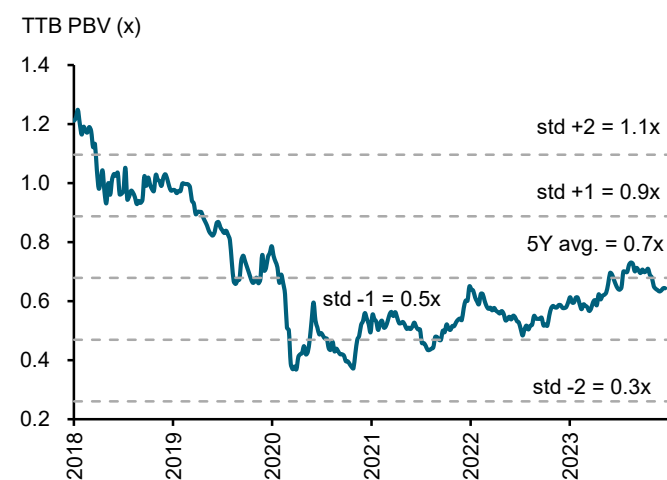
However, we downgrade our recommendation for TTB to HOLD from Buy. The 2024 target price is THB1.79 from THB1.83 at a P/BV of 0.77x based on a GGM valuation (LT-ROE 7.7% and COE 10.2% from 9.70% due to an increase in risk-free rate to 3.0% from 2.5%). In the short term, the stock price will likely be pressured by concerns about the outlook for auto hire-purchase loans, which is TTB's leading portfolio (30% of total loans), that may slow in 2024. Our 2024 net loan forecast is as low as 2% y-y, while we expect 2024-25 net profit to decrease by 0.8% y-y and increase by 5.7% y-y, respectively. Moreover, the current share price is still trading close to its 5-year P/BV average (2018-23) at 0.7x.

Exhibit 4: 2023-25E earnings revisions

	2023E			2024E			2025E		
	New (THB m)	Old (THB m)	Change (%)	New (THB m)	Old (THB m)	Change (%)	New (THB m)	Old (THB m)	Change (%)
Net profit	17,962	16,446	9.2	17,822	17,774	0.3	18,841	19,325	(2.5)
PPOP	39,516	39,045	1.2	40,213	40,988	(1.9)	41,147	42,565	(3.3)
Target price (THB)				1.79	1.91	(6.3)			
Key statistics and ratios									
Credit cost (bp)	135.0	135.0		135.0	135.0		130.0	130.0	
Cost to income ratio (%)	44.3	45.2		44.6	45.0		44.8	44.8	
Net interest margin (NIM) (%)	3.25	3.13		3.34	3.18		3.36	3.20	
Loan growth (y-y %)	(3.0)	1.5		2.0	2.0		2.0	2.0	

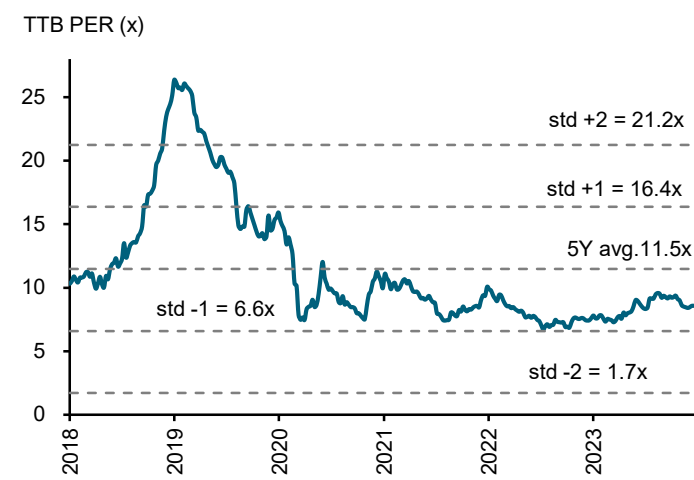
Source: FSSIA estimates

Exhibit 5: TTB – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: TTB – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: GGM-based 2024 TP

Gordon growth model	
Sustainable ROE	7.70%
g	1.00%
ROE-g	6.70%
Beta	0.90
Risk-free rate	3.0%
Risk premium	8.0%
COE	10.20%
COE-g	9.20%
ROE-g/COE-g (x)	0.73

Sources: FSSIA estimates

Exhibit 8: Share price performance of Thai banks under our coverage, as of 15 December 2023

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	0.33	-8.98	-5.59	5.92	2.70
KBANK TB	-1.88	1.16	0.00	-9.06	-11.53
KKP TB	-2.46	-10.81	-18.85	-30.77	-32.88
KTB TB	0.54	-1.60	-3.65	5.11	4.52
SCB TB	2.02	-9.42	-5.16	-2.42	-5.61
TISCO TB	0.77	-1.75	1.55	-0.76	-1.26
TTB TB	0.64	-7.06	-2.47	16.18	12.06
SETBANK	-0.47	-6.48	-5.66	-1.75	-4.31
SET	-1.75	-8.94	-10.80	-14.08	-16.64

Sources: Bloomberg; FSSIA's compilation

Exhibit 9: Peer comparison of regional banks, as of 15 December 2023

Company name	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	PE		PBV		ROE		Div yld	
					23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Thailand												
Bangkok Bank	152.00	208.00	37	8,332	7.7	7.1	0.5	0.5	7.2	7.3	3.8	4.1
Kasikornbank	130.50	160.00	23	8,879	7.7	7.0	0.6	0.5	7.9	8.2	3.7	4.1
Krung Thai Bank	18.50	23.10	25	7,425	6.8	6.5	0.6	0.6	9.7	9.6	4.2	4.5
SCB X	101.00	121.00	20	9,766	8.3	7.6	0.7	0.7	8.7	9.1	7.2	7.4
TMBThanachart Bank	1.58	1.79	13	4,395	8.5	8.6	0.7	0.6	8.0	7.6	5.9	5.8
Kiatnakin Bank	49.50	55.00	11	1,204	7.0	6.2	0.7	0.6	10.0	10.7	6.6	6.3
Tisco Financial Group	98.00	107.00	9	2,253	10.5	10.0	1.8	1.7	17.2	17.8	8.2	8.4
Thailand weighted average				6,036	8.1	7.6	0.8	0.8	9.8	10.1	5.6	5.8
Hong Kong												
Industrial & Comm Bank of China	3.70	n/a	n/a	221,397	3.4	3.3	0.4	0.3	10.7	10.4	9.2	9.4
China Construction Bank	4.54	n/a	n/a	147,952	3.1	3.0	0.3	0.3	11.6	11.1	9.4	9.9
HSBC Holdings	61.35	n/a	n/a	148,818	5.9	5.8	0.9	0.8	15.5	15.4	8.1	10.1
Bank of China	2.92	n/a	n/a	149,013	3.6	3.4	0.4	0.3	10.1	9.8	8.9	9.2
Hong Kong average				166,795	4.0	3.9	0.5	0.4	12.0	11.6	8.9	9.6
China												
Industrial & Comm Bank of China	4.77	n/a	n/a	221,395	4.8	4.6	0.5	0.5	10.6	10.3	6.5	6.7
Agricultural Bank of China	3.62	n/a	n/a	173,481	4.9	4.7	0.5	0.5	11.2	10.8	6.4	6.6
China Construction Bank	6.42	n/a	n/a	147,951	4.9	4.6	0.5	0.5	11.6	11.2	6.2	6.4
Bank of China	3.99	n/a	n/a	149,012	5.4	5.1	0.5	0.5	10.4	10.3	5.8	6.0
China average				172,960	5.0	4.8	0.5	0.5	11.0	10.7	6.2	6.4
South Korea												
KB Financial Group	52,500	n/a	n/a	16,316	4.1	3.9	0.4	0.4	9.8	9.2	6.3	6.7
Shinhan Financial Group	38,700	n/a	n/a	15,366	4.3	4.2	0.4	0.4	9.4	8.9	5.5	6.0
Hana Financial Group	42,350	n/a	n/a	9,536	3.4	3.3	0.3	0.3	9.9	9.5	8.3	8.7
Industrial Bank of Korea	11,800	n/a	n/a	7,247	3.4	3.4	0.3	0.3	9.6	9.1	8.5	8.9
South Korea average				12,116	3.8	3.7	0.4	0.3	9.7	9.2	7.1	7.6
Indonesia												
Bank Central Asia	9,225	n/a	n/a	72,886	23.1	21.3	4.6	4.2	21.0	20.7	2.4	2.8
Bank Rakyat Indonesia Persero	5,550	n/a	n/a	53,961	14.2	12.5	2.6	2.4	19.0	20.1	5.2	5.9
Bank Mandiri Persero	5,900	n/a	n/a	35,636	10.7	9.8	2.1	1.9	21.3	21.0	4.7	5.7
Bank Negara Indonesia Persero	5,275	n/a	n/a	12,558	9.1	8.1	1.3	1.1	15.0	15.4	5.0	5.8
Bank Syariah Indonesia	1,700	n/a	n/a	5,053	14.4	12.2	2.1	1.8	15.5	16.1	0.9	1.2
Indonesia average				36,019	14.3	12.8	2.5	2.3	18.4	18.7	3.7	4.3
Malaysia												
Malayan Banking	9.00	n/a	n/a	23,139	11.6	11.2	1.2	1.2	10.5	10.6	6.6	6.8
Public Bank	4.31	n/a	n/a	17,981	12.4	11.8	1.6	1.5	13.0	12.7	4.3	4.4
CIMB Group Holdings	5.83	n/a	n/a	13,513	9.3	8.8	0.9	0.9	10.4	10.4	5.9	6.3
Hong Leong Bank	19.50	n/a	n/a	9,048	10.6	10.1	1.2	1.1	12.1	11.4	3.3	3.3
RHB Bank	5.53	n/a	n/a	5,066	8.2	8.1	0.8	0.7	9.7	9.4	7.0	7.3
Malaysia average				13,749	10.4	10.0	1.1	1.1	11.2	10.9	5.4	5.6
Singapore												
DBS Group Holdings	31.06	n/a	n/a	61,126	8.0	8.2	1.3	1.3	17.5	16.2	6.5	7.1
Oversea-Chinese Banking	12.37	n/a	n/a	42,139	7.9	7.8	1.0	1.0	13.2	12.7	6.6	6.9
United Overseas Bank	27.82	n/a	n/a	34,739	8.1	7.8	1.0	1.0	13.3	12.9	6.2	6.5
Singapore average				46,001	8.0	7.9	1.1	1.1	14.7	13.9	6.5	6.8
<i>Regional average (excluding Thailand)</i>				71,773	8.0	7.5	1.1	1.0	12.9	12.6	6.1	6.6
<i>Total average (including Thailand)</i>				52,124	7.7	7.2	1.0	0.9	12.1	12.0	6.0	6.4

Sources: Bloomberg; FSSIA estimates

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TMBThanachart Bank

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	64,239	65,627	78,852	81,684	83,693
Interest expense	(13,240)	(14,010)	(21,720)	(23,369)	(23,901)
Net interest income	51,000	51,617	57,132	58,315	59,792
Net fees & commission	11,248	10,391	10,231	10,581	10,898
Foreign exchange trading income	-	-	-	-	-
Securities trading income	1,662	1,699	1,776	1,830	1,884
Dividend income	0	0	0	0	0
Other income	1,626	2,145	1,800	1,854	1,910
Non interest income	14,537	14,236	13,807	14,264	14,692
Total income	65,537	65,852	70,939	72,579	74,484
Staff costs	(16,480)	(16,006)	(16,805)	(17,309)	(17,829)
Other operating costs	(14,739)	(13,946)	(14,618)	(15,057)	(15,509)
Operating costs	(31,219)	(29,952)	(31,423)	(32,366)	(33,337)
Pre provision operating profit	34,318	35,900	39,516	40,213	41,147
Expected credit loss	(21,514)	(18,353)	(17,294)	(18,210)	(17,886)
Other provisions	-	-	-	-	-
Operating profit	12,804	17,547	22,223	22,003	23,261
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	12,804	17,547	22,223	22,003	23,261
Tax	(2,327)	(3,352)	(4,261)	(4,181)	(4,420)
Profit after tax	10,477	14,195	17,962	17,822	18,841
Non-controlling interest	(3)	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	10,474	14,195	17,962	17,822	18,841
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	10,474	14,195	17,962	17,822	18,841
Per share (THB)					
Recurring EPS *	0.11	0.15	0.19	0.18	0.19
Reported EPS	0.11	0.15	0.19	0.18	0.19
DPS	0.04	0.07	0.09	0.09	0.10
Growth					
Net interest income (%)	(5.2)	1.2	10.7	2.1	2.5
Non interest income (%)	(6.5)	(2.1)	(3.0)	3.3	3.0
Pre provision operating profit (%)	(7.7)	4.6	10.1	1.8	2.3
Operating profit (%)	3.8	37.0	26.6	(1.0)	5.7
Reported net profit (%)	3.6	35.5	26.5	(0.8)	5.7
Recurring EPS (%)	3.3	35.3	26.5	(0.8)	5.7
Reported EPS (%)	3.3	35.3	26.5	(0.8)	5.7
Income Breakdown					
Net interest income (%)	77.8	78.4	80.5	80.3	80.3
Net fees & commission (%)	17.2	15.8	14.4	14.6	14.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.5	2.6	2.5	2.5	2.5
Dividend income (%)	-	-	-	-	-
Other income (%)	2.5	3.3	2.5	2.6	2.6
Operating performance					
Gross interest yield (%)	3.72	3.76	4.49	4.68	4.71
Cost of funds (%)	0.85	0.92	1.43	1.54	1.59
Net interest spread (%)	2.87	2.84	3.06	3.14	3.12
Net interest margin (%)	3.0	3.0	3.3	3.3	3.4
Cost/income(%)	47.6	45.5	44.3	44.6	44.8
Cost/assets(%)	1.8	1.7	1.7	1.8	1.8
Effective tax rate (%)	18.2	19.1	19.2	19.0	19.0
Dividend payout on recurring profit (%)	35.1	49.8	50.0	50.0	50.0
ROE (%)	5.0	6.6	8.0	7.6	7.8
ROE - COE (%)	5.0	6.6	8.0	7.6	7.8
ROA (%)	0.6	0.8	1.0	1.0	1.0
RORWA (%)	0.9	1.2	1.5	1.5	1.6

* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

Financial Statements

TMBThanachart Bank

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	1,371,304	1,376,118	1,335,503	1,362,213	1,389,457
Allowance for expected credit loss	(54,472)	(57,390)	(56,918)	(55,128)	(53,014)
interest in suspense	7,369	7,777	7,612	7,765	7,920
Net customer loans	1,324,201	1,326,505	1,286,197	1,314,849	1,344,363
Bank loans	158,873	187,563	190,680	200,214	210,225
Government securities	-	-	-	-	-
Trading securities	1,421	1,533	1,800	1,890	1,985
Investment securities	180,229	211,432	189,518	193,362	197,286
Cash & equivalents	16,011	15,506	34,303	40,880	48,556
Other interesting assets	-	-	-	-	-
Tangible fixed assets	21,625	19,788	21,767	22,420	23,093
Associates	-	-	-	-	-
Goodwill	22,819	22,890	23,577	24,284	25,013
Other intangible assets	-	-	-	-	-
Other assets	34,002	41,062	39,603	41,195	42,855
Total assets	1,759,181	1,826,279	1,787,700	1,839,355	1,893,641
Customer deposits	1,339,195	1,399,247	1,340,063	1,373,565	1,407,904
Bank deposits	84,966	84,770	89,132	90,914	92,733
Other interest bearing liabilities	68,398	59,644	60,241	60,843	61,452
Non interest bearing liabilities	55,785	63,611	69,637	76,252	83,514
Hybrid Capital	-	-	-	-	-
Total liabilities	1,548,345	1,607,271	1,559,072	1,601,574	1,645,602
Share capital	91,792	91,937	91,937	91,937	91,937
Reserves	119,043	127,069	136,689	145,843	156,100
Total equity	210,835	219,006	228,626	237,780	248,038
Non-controlling interest	1	1	1	1	1
Total liabilities & equity	1,759,181	1,826,279	1,787,700	1,839,355	1,893,641
Supplementary items					
Risk weighted assets (RWA)	1,228,574	1,185,415	1,160,374	1,193,902	1,229,139
Average interest earning assets	1,727,038	1,744,236	1,755,411	1,745,928	1,778,316
Average interest bearing liabilities	1,565,927	1,515,421	1,518,110	1,516,548	1,507,379
CET 1 capital	176,284	185,795	201,328	185,795	185,795
Total capital	225,341	229,097	244,630	229,097	229,097
Gross non performing loans (NPL)	42,120	41,707	42,090	42,174	42,259
Per share (THB)					
Book value per share	2.18	2.26	2.36	2.46	2.56
Tangible book value per share	1.95	2.03	2.12	2.21	2.30
Growth					
Gross customer loans	(1.6)	0.4	(3.0)	2.0	2.0
Average interest earning assets	(2.6)	1.0	0.6	(0.5)	1.9
Total asset (%)	(2.7)	3.8	(2.1)	2.9	3.0
Risk weighted assets (%)	3.4	(3.5)	(2.1)	2.9	3.0
Customer deposits (%)	(2.5)	4.5	(4.2)	2.5	2.5
Leverage & capital measures					
Customer loan/deposits (%)	98.9	94.8	96.0	95.7	95.5
Equity/assets (%)	12.0	12.0	12.8	12.9	13.1
Tangible equity/assets (%)	10.7	10.7	11.5	11.6	11.8
RWA/assets (%)	69.8	64.9	64.9	64.9	64.9
CET 1 CAR (%)	14.3	15.7	17.4	15.6	15.1
Total CAR (%)	18.3	19.3	21.1	19.2	18.6
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	6.4	(1.0)	0.9	0.2	0.2
NPL/gross loans (%)	3.1	3.0	3.2	3.1	3.0
Allowance for ECL/gross loans (%)	4.0	4.2	4.3	4.0	3.8
Allowance for ECL/NPL (%)	129.3	137.6	135.2	130.7	125.5
Valuation					
Recurring P/E (x) *	14.6	10.8	8.5	8.6	8.1
Recurring P/E @ target price (x) *	16.5	12.2	9.6	9.7	9.2
Reported P/E (x)	14.6	10.8	8.5	8.6	8.1
Dividend yield (%)	2.4	4.6	5.9	5.8	6.2
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.7
Price/tangible book @ target price (x)	0.9	0.9	0.8	0.8	0.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

TMBThanachart Bank PCL (TTB TB)

FSSIA ESG rating

★ ★ ★ ★

63.69 /100

Exhibit 10: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	61.33
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	53.49

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.76	1.79	1.92	2.14	2.82	3.02	3.16	3.20
BESG environmental pillar score	0.00	0.00	0.08	0.08	0.38	0.68	0.82	0.82
BESG social pillar score	1.90	2.10	2.23	2.65	4.29	4.17	4.18	4.34
BESG governance pillar score	4.09	3.78	3.99	4.15	3.63	4.13	4.44	4.32
ESG disclosure score	41.00	41.34	43.27	43.64	46.86	50.40	49.27	53.49
Environmental disclosure score	17.09	17.09	17.43	17.76	21.14	22.86	19.48	32.14
Social disclosure score	24.67	25.70	31.14	31.92	31.92	40.84	40.84	40.84
Governance disclosure score	81.10	81.10	81.10	81.10	87.36	87.36	87.36	87.36
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	Yes	Yes	Yes	Yes	Yes
GHG scope 1	0	0	0	0	1	1	0	4
GHG scope 2 location-based	31	30	29	27	28	15	22	22
GHG Scope 3	1	1	1	0	0	0	0	3
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	45	44	42	39	57	32	46	46
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	44	43	42	37	57	31	45	44
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	0	0	0	0	0	0	0	0
Waste recycled	0	0	0	0	0	0	0	0
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	278	223	255	154	208	181	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	Yes	Yes	Yes
Pct women in workforce	70	70	71	71	71	69	69	68
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	0	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	9,270	8,980	8,547	8,373	8,135	8,838	15,102	14,620
Employee turnover pct	28	29	31	35	27	14	16	23
Total hours spent by firm - employee training	324,450	269,400	273,504	318,174	284,725	132,570	694,692	891,820
Social supply chain management	No	No	No	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	11	12	12	12	13	13	14	14
No. of independent directors (ID)	3	4	4	4	4	5	5	5
No. of women on board	0	0	0	1	0	1	2	3
No. of non-executive directors on board	10	11	11	11	8	8	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	13	16	14	17	16	19	15
Board meeting attendance pct	89	84	88	93	92	95	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	57	57	57	48	48	49	50	51
Age of the oldest director	71	72	73	74	69	70	71	72
No. of executives / company managers	7	7	6	6	7	11	12	12
No. of female executives	0	0	1	2	3	4	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	2	3	3	3	3	3	3	3
No. of ID on audit committee	2	3	3	3	3	3	3	3
Audit committee meetings	14	12	12	12	15	25	13	13
Audit meeting attendance %	90	100	94	94	91	98	100	100
Size of compensation committee	4	4	4	4	4	5	5	5
No. of ID on compensation committee	2	2	2	2	1	2	2	2
No. of compensation committee meetings	14	12	14	14	13	12	12	12
Compensation meeting attendance %	95	88	94	89	97	95	97	97
Size of nomination committee	4	4	4	4	4	5	5	5
No. of nomination committee meetings	14	12	14	14	13	12	12	12
Nomination meeting attendance %	95	88	94	89	97	95	97	97
Sustainability governance								
Verification type	No	No	No	No	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
TMBThanachart Bank	TTB TB	THB 1.58	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) a faster-than-expected economic recovery; and 2) improved asset quality leading to lower credit costs.
Bangkok Bank	BBL TB	THB 152.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 130.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Krung Thai Bank	KTB TB	THB 18.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 101.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 49.50	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Tisco Financial	TISCO TB	THB 98.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 15-Dec-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.